



*Gas Pipelines Act 2000*

## **Statement of Reasons**

### **Pipeline Licence Application**

**BOC Limited**

ABN 95 000 029 729

**August 2009**

## **Background**

Pursuant to the *Gas Pipelines Act 2000* (the Act), the Director of Gas (Director) is responsible for administering the licensing system for gas entities. The Director has the authority to consider and determine licence applications, and can refuse or issue licences to construct or operate a transmission pipeline system or pipeline facility.

On 7 July 2009, the Director received an application from BOC Limited (ABN 95 000 029 729) for a pipeline licence for the proposed construction of a pipeline facility to process (to liquefy) natural gas at Westbury.

## **Consultation**

The Director invited public comment in respect of the licence application by way of notice in three Tasmanian newspapers, the *Gazette* and on the website [www.economicregulator.tas.gov.au](http://www.economicregulator.tas.gov.au).

Consultation closed on 14 August 2009. The Director received one submission from Tas Gas Networks Pty Ltd (TGN) expressing its support for BOC Limited's project. TGN however indicated that it has yet to resolve matters with BOC Limited concerning:

- 1) development constraints to permanent features and structures in close proximity to the Tas Gas Pipeline;
- 2) maintenance of full access to the existing gas pipeline easement;
- 3) provision of access to the pipeline and custody transfer point within the BOC Limited facility;
- 4) interference with the existing cathodic protection system on the Tasmanian Gas Pipeline from the development; and
- 5) provision to TGN of a copy of BOC Limited's gas safety management plan.

The Director notes that these are matters to be resolved between the two parties and do not relate to the matters that the Director is required to take account of under Section 12 of the Act when considering a licence application.

Section 12 of the Act provides that the Director may only issue a licence if satisfied that a number of requirements have been met. The key issues are that:

- (a) the applicant has adequate technical and financial resources to undertake the proposed activities; and
- (b) the applicant will comply with the Act, licence conditions and other obligations.

## **Assessment by the Director of Gas**

The Director undertook a 'due diligence' assessment of the licence application from BOC Limited, having regard to its compliance with statutory licence application requirements.

The relevant provisions of the Act provide that the Director may only issue a pipeline licence if satisfied that the applicant can meet the requirements of the Act.

Section 12(2) of the Act provides that:

“The Director may grant a pipeline licence only if he or she is satisfied that –

- (a) the applicant has adequate technical and financial resources to undertake the proposed activities; and
- (b) the applicant is a body corporate (or a partnership of 2 or more bodies corporate); and
- (c) a permit or other authority for the construction of the pipeline or pipeline facility has been granted under any other relevant law; and
- (d) the applicant can demonstrate compliance with, or an intention to comply with, the requirements of this Act.”

For the construction or operation of a pipeline facility, section 12(4) provides a further pre-condition for granting a pipeline licence:

“The Director of Gas must not grant a pipeline licence unless the Director of Gas Safety has provided a certificate that, in his or her opinion, the pipeline or pipeline facility has, or will have, the necessary ability to convey or process gas, petroleum or another regulated substance safely.”

### **Section 12(2)(a) Technical and financial resources available to the applicant**

In its application, BOC Limited stated that it is a member of the Linde Group which is the largest industrial gas company in the world, designing, constructing and operating industrial gas plants in North and South America, Eastern and Western Europe, Africa, Asia and the South Pacific regions.

In terms of financial resources, BOC Limited stated that the overall investment on this project is about \$27 million. The investment is funded internally by the Linde Group.

In relation to technical resources for the construction of the facility, BOC Limited indicated that it has engaged GLP Plant Pty Ltd to design, construct and commission the Westbury LNG Facility. BOC Limited stated that the GLP Group is an Australian owned and operated company established in 1998 and has extensive experience in the supply of plants for the gas generation, gas treatment and the petrochemical industry. The LNG facility at Westbury will be designed and built to comply with all relevant Australian standards and Linde Engineering best practice.

### **Section 12(2)(b) The applicant is a body corporate**

ASIC’s online National Names Index confirmed that BOC Limited is a body corporate registered in Australia.

**Section 12(2)(c) Permit or other authority for the construction of the pipeline or pipeline facility has been granted under any other relevant law**

BOC Limited stated that the Planning Permit from Meander Village Council is the primary approval required to start the construction. BOC Limited has provided the Director with a copy of the Planning Permit to confirm this.

**Section 12(2)(d) The applicant can demonstrate compliance with, or an intention to comply with, the requirements of this Act.**

In its application, BOC Limited stated that it has over 30 years of experience in operating LNG plants and it operates a large number of various gas plants within Australia including the following major gas production centres:

- BOC Cryocentre: Hammond Road, Dandenong Victoria - Air separation plant, LNG Plant;
- BOC Port Kembla: Five Islands Road, Port Kembla NSW - Air separation plant; and
- BOC Bulwer Island: Bulwer Island, Queensland - Air separation plant, CO2 plant, Hydrogen purification plant.

The Director is satisfied that BOC Limited has the capacity to comply with the requirements of this section of the Act.

**Section 12(4) The pipeline or pipeline facility has or will have the necessary capacity for conveying or processing gas safely**

The Director has received a copy of the relevant certificate from the Director of Gas Safety.

## **Decision of the Director of Gas**

After considering BOC Limited's application and supporting information, the Director is satisfied that the issue of a pipeline construction licence to BOC Limited is consistent with the Act.

The Director of Gas decides to grant a gas pipeline construction licence to BOC Limited effective on 27 August 2009 for a period of one year.

The Director issues the licence accepting that BOC Limited has made full and diligent inquiry to ensure that the information supplied by it is true and correct. The Director has relied in good faith on the representations made by the applicant in support of the application.

A copy of the licence is available on the website at [www.economicregulator.tas.gov.au](http://www.economicregulator.tas.gov.au).

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Glenn Appleyard

**DIRECTOR OF GAS**

27 August 2008